Volkswagen Group secures lithium supplies

- Volkswagen Group and Chinese manufacturer Ganfeng sign memorandum of understanding for long-term lithium supplies
- Group Board Member for Procurement, Dr. Sommer: “Crucial strategic significance for implementing Volkswagen’s electric offensive”

Wolfsburg, April 5, 2019. The Volkswagen Group and Ganfeng Lithium Co., Ltd. registered in Jiangxi (China) have signed a memorandum of understanding on long-term lithium supplies for battery cells. Under the agreement, Ganfeng will supply lithium to the Volkswagen Group and its suppliers for the next ten years. Volkswagen is thus already securing a significant share of its lithium requirement for batteries.

Dr. Stefan Sommer, Group Board Member for Components and Procurement at Volkswagen Aktiengesellschaft, said: “Over the next ten years the Volkswagen Group will be launching 70-plus new pure electric vehicles. That means approximately a quarter of the vehicles we deliver in 2025 will be powered by electricity. Consequently, there will be a rapid increase in our raw material demand for cell production in the coming years. We must make sure we cover this demand at an early stage. Long-term agreements like the one for lithium, a key raw material, that...
we have just concluded with Ganfeng are therefore of crucial strategic significance for implementing our electric offensive.”

The rapid increase in vehicle electrification in the automotive industry will have a major impact on global raw material markets. The global lithium demand is expected to more than double by 2023. In light of this, the agreement with Ganfeng is an important milestone in supply security for the Volkswagen Group.

Michael Bäcker, Head of Corporate Purchasing e-Mobility at Volkswagen Aktiengesellschaft, explained: “With Ganfeng as a strategic partner we are creating a secure basis for planning capacities and costs. The strategic collaboration is the result of an extensive market analysis executed by Volkswagen’s e-Raw Material Team. This specialized team is focusing on building close relationships with the raw material industry. Together with selected strategic partners, Volkswagen is identifying and establishing common synergies along the HV-battery value chain. During this process we consider a sustainable value chain as equally important to securing material capacities and competitive pricing structures.”

In addition to the arrangements on lithium supplies, Volkswagen and Ganfeng also agreed to cooperate on future topics such as battery recycling and solid-state batteries.

**About Ganfeng Lithium Co., Ltd. (GFL)**

GFL is the world’s leading lithium compounds and metal manufacturer and dually listed on Chinese A share in 2010 and Hong Kong H share in 2018. GFL offers five major categories of more than 40 lithium compounds and metals products.

About the Volkswagen Group:
The Volkswagen Group, with its headquarters in Wolfsburg, is one of the world’s leading automobile manufacturers and the largest carmaker in Europe. The Group comprises twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The passenger car portfolio ranges from small cars all the way to luxury-class vehicles. Ducati offers motorcycles. In the light and heavy commercial vehicles sector, the products include ranges from pick-ups, buses and heavy trucks. Every weekday, 664,496 employees around the globe produce on average 44,567 vehicles, are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2018, the total number of vehicles supplied to customers by the Group globally was 10,831 million (2017: 10,741 million). The passenger car global market share was 12.3 per cent. In Western Europe 22.0 per cent of all new passenger cars come from the Volkswagen Group. Group sales revenue in 2018 totalled €235.8 billion (2017: €231 billion). Earnings after tax in 2018 amounted to €17.1 billion (2017: €11.6 billion).